



HAWAII CREDIT UNION LEAGUE

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April 2, 2003

Chief of Records
ATTN: Request for Comments
Office of Foreign Assets Control
Department of the Treasury
1500 Pennsylvania Ave., N.W.
Washington, D.C. 20220

Dear Sir or Madam:

The Hawaii Credit Union League (HCUL) appreciates the opportunity to comment on OFAC's updated internal economic sanctions enforcement guidelines.

HCUL supports OFAC's desire to assure compliance to its sanctions and embargo programs. However, there are several concerns we would like to address.

OFAC will be issuing cautionary letters when financial institutions are not exercising due diligence in compliance with OFAC's regulations but no violation has occurred. We suggest that OFAC further clarify "not exercising due diligence". Many of the smaller credit unions, due to technology limitations or the costs of matching software programs have developed their own system of comparing names.

OFAC may be issuing warning letters and one of the situation examples is for transactions in which there are significant variations in name and or location specified in a funds transfer from those on the SDN list. We suggest that OFAC further define "significant variations in name"; this will probably decrease the number of "gray area" calls to OFAC's Hotline.

We support the reduction of penalties for the voluntary reporting of OFAC violations, however, many of the smaller credit unions would be severely impacted financially by the penalties and we suggest no penalty for the first reporting.

In addition, we would like OFAC to consider issuing operational procedures or guidelines for financial institutions to follow based on questions or situations that are brought up on its Hotline. This would assist credit unions in further compliance.

We thank you for the opportunity to comment.

Sincerely,

Mildred F. Kurosu
Regulatory Officer